

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

November 27, 2012

**Framework for Funding Affordable Housing and Economic Development Initiatives**

When redevelopment agencies were in full operation across the County of Los Angeles (the County), approximately \$500 million of property tax revenue was set aside annually to promote economic development and affordable housing within portions of 70 cities and the County's unincorporated areas. However, in December 2011, the commitment of local funds to support such activities was abruptly halted as Governor Brown called for the dissolution of redevelopment agencies statewide in an attempt to balance the State's budget, an action that was ultimately upheld by the State's Legislature and Supreme Court.

While the activities of redevelopment agencies are still winding down, the incremental return of property taxes to the taxing entities, including to the County, creates a timely opportunity for the Board of Supervisors (the Board) to strategize how to effectively target resources to accomplish the significant objectives that redevelopment agencies were originally created to address.

To date, the County of Los Angeles has received approximately \$88 million in residual funds as a result of the dissolution of redevelopment agencies throughout the County. Last October, the Board allocated \$11 million to support the development of countywide affordable housing projects, leaving approximately \$77 million in reserves. An additional \$125 million is expected by January 2013, after the third round of "Recognized Obligation Payment Schedules" from former redevelopment agencies receives final approval from the State of California's Department of Finance. Thus, the Auditor-Controller has estimated that a sum of over \$200 million will be available by early next year.

- MORE -

MOTION

MOLINA \_\_\_\_\_

RIDLEY-THOMAS \_\_\_\_\_

KNABE \_\_\_\_\_

ANTONOVICH \_\_\_\_\_

YAROSLAVSKY \_\_\_\_\_

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS**

**November 27, 2012**

**PAGE 2**

The annual ongoing amounts that will return to the County thereafter are uncertain, as the process of winding down the activities of the former redevelopment agencies requires the disposition of assets and payment of various debts and other outstanding obligations.

Nevertheless, it is timely for the Board to develop a framework under which to allocate the property tax revenues that are now returning to the General Fund. It would be a lost opportunity to merely backfill County departments who have faced curtailments in recent years, or set aside this funding for programmatic expansions or enhancements. This funding was intended to promote economic development, to expand job creation opportunities, to shelter the most vulnerable members of our population and to address blight – all challenges that still require steadfast resolve, diligence and County financial commitments.

The Board should develop an approach, with input from stakeholders and the public, which continues to invest residual funds to address these core needs. Funding should be allocated in a manner that inspires integration and enhanced government services, relies on evidenced-based strategies, promotes transparency and accountability and leverages other funding sources when feasible.

The attached proposal suggests investments within the following domains:

- Development of Affordable Housing
- Funding for Infrastructure Development to Support Inter-Agency Collaboration and Efficiency
- Grants to Cities to Support Economic Development and Blight Mitigation Projects
- Support for Small Business Development
- Support for Regional Economic Development
- Seed Funding for Transit Oriented Development
- Angel Funding to Support Local Biotech Enterprises
- Funding for General County Operations

This proposed framework is merely a beginning and requires further deliberation. The public deserves an opportunity to thoughtfully provide input.

-MORE-

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS**  
**November 27, 2012**  
**PAGE 3**

**I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:**

Direct the Chief Executive Officer, in coordination with the Community Development Commission, and other appropriate departments, to review and report back in 45 days on the policy goals noted in the attached Affordable Housing and Economic Development Framework, including a report on funding sources currently available and recommendations on a potential implementation strategy.

**# # # #**